

PORTSIDE

WINTER 2008/2009

A Port of Portland publication featuring news and information about airports, marine terminals, industrial parks and environmental programs.



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THE CHINA-OREGON RELATIONSHIP

From the clothes you put on in the morning to the books you read to your children at night; from the furniture and electronics around your house to the equipment and supplies in your office; from the fireworks you enjoy on the Fourth of July to the holiday decorations adorning your house, the majority of these items are, just like the ubiquitous little sticker says, “Made in China.”

The shift to China happened relatively quickly, driven primarily by its large manufacturing industry and production costs low enough to drop total supply chain costs and boost bottom lines. For many large companies, it was a no-brainer. China could mass-produce just about anything at significantly less cost, and, in most cases, with quality levels acceptable to American consumers.

Quality assurance and product safety, however, have been increasing concerns. Contaminated products including toys, toothpaste, pet food and milk have raised the level of scrutiny that goods coming from China receive. Industrialization has also come with its own costs, and China’s government is facing environmental, human rights, and infrastructure challenges. Some suggest that production could eventually shift away from China and closer to consumers in the U.S.

UNDERSTANDING CHINA

As China’s partner in trade, we should seek to better understand the country, its global economic ties, and why maintaining our long-distance relationship is so important.

China is the world’s oldest continuous civilization. Its language, art, religion and culture have directly influenced countries throughout Asia. Chinese innovations including printing, paper, gunpowder and the compass changed the world. Military actions, foreign occupation, civil strife and famine were among setbacks that stifled the country’s progress and prosperity from the 1800s through the mid-1900s.

Political controls remain tight under the communist government, but over the last 30 years, China has thrived, accounting for more than 75 percent of the poverty reduction in the developing world. Living standards continue to improve, but only 15 percent of the people have drinkable water, and well over 100 million Chinese have consumption levels below a dollar per day.

By land, China is about the same size as the U.S., but it has more than four times the population. With more than 1.3 billion and counting, the Chinese comprise 20 percent of the world population compared to America’s 4.5 percent. Due to a strict birth limitation policy, the Chinese government expects its population will peak in 2050 at 1.6 billion. The quarter of China’s population with the highest education is larger than America’s entire population.



THE RISE TO PROMINENCE

Since the late 1970s, China's economy has grown by an average of 10 percent annually, spurred by government reforms and supported by consumers' insatiable appetite for quality goods made cheaply. Continued growth was fueled with investments of foreign capital in China. The country has kept pace by building massive ports, transportation infrastructure and factories. A dedicated work force of hundreds of millions keeps the gross domestic product moving ever upward for an average of 65 cents per hour.

"First and foremost, China's huge population changes the fundamental rules," said Ted Fishman, author of *China Inc.: How the Rise of the Next Superpower Challenges America and the World*. "Millions are drawn to factory towns nobody in America has heard of, that are larger than Chicago. These towns have become the new Ruhr Valley, the new Pittsburgh-Detroit, soon perhaps the new Silicon Valley. Three shoe factories in the city of Dongguan alone employ a quarter of a million workers."

China manufactures the vast majority of footwear, electrical appliances and apparel/textiles in the world, and is gaining in specialized market segments such as office and computing equipment and semiconductors and electronic parts. One particularly symbolic transaction, and perhaps a bellwether, was the sale of IBM's personal computer business to China's Lenovo. Big Blue became Big Red.

Some say the national bird of China is the building crane. There has been a building boom of unprecedented proportions, especially nonresidential construction and new public infrastructure. Things happen fast because restrictions are more lax, land is owned by the government, labor costs are low, demand remains high, and public and private capital is available.

Along with industrialization comes a thirst for energy, and China was already a major consumer of oil and coal. This was a compelling reason to proceed with giant hydroelectric projects including the controversial Three Gorges Dam on the Yangtze River. China's nuclear energy program is expanding as well.

China is also investing outside its borders; it has dedicated more than \$1 trillion to foreign investment. Most recently, China made a \$100 billion investment in Latin America, where China's trade has increased tenfold since 2000. This will support mining in Peru, where they are seeking a free trade deal, and a new steel mill in Brazil. China has replaced the U.S. as Chile's top trading partner.

In early November, China announced an economic stimulus package worth nearly \$600 billion. Jin Lan of Octaxias, a local business consultant who works with companies in China, expects the country will continue its long-term approach with new spending on ports, roads, airports and environmental cleanup, and investment in real estate, blue chip and fast growing companies in the U.S.

Despite the bullish outlook, there are challenges ahead. According to financial writer Bill Mann, "China currently faces internal strife, a growing disparity between the rich and poor, overbuilding, environmental crises, inflation, a collapsed stock market, bad milk – all of which clearly fall under the category of things that are 'not awesome.'"

According to the World Bank, however, the Chinese are living better. Life expectancy is at an all-time high; infant mortality rates are down; adult literacy is up; and China has dramatically reduced poverty and raised incomes. Young professionals today can make more than their parents or grandparents could have imagined. Mass migrations of workers from farms have moved to the cities, reaping new Chinese middle class consumers.

OREGON'S CHINA CONNECTIONS

If you're looking for local connections with China, you don't have to look far. Portland is a sister city to Suzhou, China, and there is a Confucius Institute for language study at Portland State University. The Oregon Department of Agriculture has a program to test food products being imported to and exported from China. The Northwest China Council promotes understanding of the current affairs, business and culture of greater China. Li Ning, a leading Chinese sportswear company, established its U.S. headquarters here earlier this year.

The Port's main offices are on the edge of Chinatown, across the street from the Chinese Classical Garden and one block from the urban lore of the Shanghai Tunnels. At Portland International Airport, you'll find passenger and air cargo service to and from Asia. At Terminal 6, there's the regular flow of containerized goods to and from ports in China, continuing our tradition of maritime trade dating back to the late 1800s.

"It all starts with the Port," said Gerald Baugh, manager of economic development for the Portland Development Commission. "The better transportation connections you have, the better the opportunities for investment." He said that with China sprinting into the world economic picture, being a part of the growing market requires working together on a balanced trade strategy.

Much of the success of our city, state and region rests in our ability to address trade and transportation-related issues. To remain competitive, Oregon policy makers must recognize that international trade is a fundamental driver of the economy. Oregon businesses must have access to other markets.

On both the marine and aviation side, the Port is an active part of the solution to the \$250 billion annual trade deficit with China. Both offset Chinese imports with exports from farmers and a variety of businesses in our region. When you combine the two business lines and add in regional partners, the \$2.23 billion in imports from China is only slightly more than the \$2.21 billion in exports to China handled last year.

"For a number of years, the Port's marine marketing group has worked to develop a solid business case for participation by Chinese ocean shipping companies and cargo owners. And those efforts have borne fruit," said Greg Borossay, senior manager of liner development. "Due to the size of the market and the complexities of the working environment, the Port's efforts in China need to have a laserlike focus on areas where our relationships can result in tangible benefits to Portland and our region."

Long-term forecasts predict growth in maritime shipping, calling for freight volumes to double in the next 20 years. This is big for Oregon, considering one in four jobs is tied to international trade, and we are the ninth most trade-dependent state in the nation. We could potentially start to see the first autos from China in the near future. A group from the Port accompanying the governor's Asia business trip recently met with executives at BYD Auto to discuss Portland's potential as a test market for new hybrid and electric cars.

China has quickly joined Japan as our region's top export trade destination for air cargo, having grown fourfold since 2003. Typical commodities include high tech items, perishables, apparel and footwear products. The Port works closely with, and actively engages, shippers and freight forwarders to better understand their business needs. "As China rapidly becomes a player in the global economy, we continue to focus our efforts on creating access to key markets throughout the country," said David Zielke, general manager of air service development.

Air China Cargo provides weekly nonstop freighter service from Portland to Beijing and Shanghai. Northwest Airlines' passenger flights offer lower deck cargo capacity on a daily basis through its Tokyo hub, with connections to key cities including Beijing, Shanghai, Hong Kong and Guangzhou. Portland is one of only 12 U.S. cities with nonstop passenger service to both Europe and Asia, which supports business travel and tourism.

Sam Adams, Portland's mayor-elect, recently traveled to China with the National League of Cities. "The city of Portland and the citizens and companies in this region have expertise to share," said Adams. "China is one of the fastest growing economies, and cultivating working relationships must be a key element of this strategy."

He is one of many who see our region as ideally suited to assist with the "greening" of China as it tackles pollution, energy conservation and other environmental challenges. The new environmental consciousness there could create significant opportunities for the right companies.

"Leveraging Portland's sustainability advantage in China will reap benefits that go well beyond the short-term exportation of 'green' jobs," said David Kohl, east Asia business consultant and board member for the Northwest China Council. "These efforts are paving the way for Oregon to be viewed by the Chinese as a role model of sorts with regard to lifestyle and progressive values for a new world."

STRIKING A BALANCE

Record numbers watched the Beijing summer Olympics this year, which served as the biggest open house in the country's history. Reflecting its large populace, vigorous economic growth and ambitions for the future, the ceremonies were massive in scope and left lasting impressions. If there was any doubt, the China steeped in tradition had reintroduced itself as a dynamic country characterized by change.

The new China is developed and technologically advanced – but still a work in progress. Like the ancient symbol of the yin and yang, representing balance and harmony, Oregon will continue to foster its relationship with China as the country's remarkable story continues.

by Josh Thomas



OREGON MARKET CELEBRATES 20TH ANNIVERSARY

For two decades, the stores and restaurants in the Oregon Market have been the flagship of the PDX concessions program – not to mention a great place for travelers to shop and eat. The airport acknowledged the milestone 20th by saluting businesses and thanking customers in a two-week anniversary celebration in October. The festivities included entertainment, food and beverage tastings, demonstrations, displays, special menus and promotions. Joining in the fun and bringing more products and activities to the party was Oregon Bounty, a Travel Oregon statewide initiative that celebrates Oregon’s wines, cheeses, nuts and pears. Travel Oregon also sponsored a drawing for an Oregon vacation getaway at bed and breakfasts and lodges on the Oregon coast and in southern Oregon.

Following on the heels of the 20th anniversary, Holidays Take Flight filled the airport with additional live musical entertainment and many concessions-related activities, and a drawing for two pairs of airline tickets. JetBlue Airways celebrated its new nonstop service to Long Beach, Calif., by giving each of two lucky winners a pair of tickets from PDX to any round trip, nonstop service operated by JetBlue.

BIRDS IN “FLIGHT” GREET PASSENGERS

The international arrivals area at Portland International Airport is brighter, more efficient and comfortable, thanks to improvements made earlier in 2008. Now, a new permanent art installation adds another dimension to the area that welcomes travelers from around the world.

The assignment for an in-house Port of Portland team was to create an innovative wall treatment that would bring interest and light and encourage people to continue moving through a long corridor en route to the arrivals area. The team researched National Audubon Society-approved lists of birds and chose 34 species that are seen in the Portland area. Then they purchased detailed, life-size illustrations of the birds from artist David Allen Sibley and affixed them to the wall. With a backdrop of blue sky and white clouds, the birds seem to “fly” alongside passengers as they walk through the hallway.

Sibley is considered by many to be one of America’s finest painters of birds. He is the writer and illustrator of Audubon’s *The Sibley Guide to Birds*, a comprehensive resource for bird identification.



Travelers are checking out the shopping opportunities in the newly opened Columbia Sportswear store at PDX.

AIRPORT WELCOMES NEW COLUMBIA SPORTSWEAR STORE

Oregon-born and -bred Columbia Sportswear Co. opened its doors for the first time in the Oregon Market at Portland International Airport in November. Instead of a ribbon cutting, company officials actually unzipped a huge ceremonial vest to signal the grand opening. In honor of the event, Columbia announced donations to the Conservation Alliance and Oregon Wild and made a special presentation to professional dog-sled racer Rachel Scdoris.

An interactive display in the window of the new store invites passersby to explore the wide range of

Columbia products and technologies with the touch of a finger. Inside, the store showcases an extensive line of products, including clothing, shoes and items tailored to the needs of travelers. Tim Boyle, Columbia’s president and chief executive officer, said, “Whether people love to ski, fish, hunt, bicycle, hike, golf or simply enjoy the beauty of the Pacific Northwest, we have the apparel, footwear and equipment to help them enjoy their activities longer and more comfortably, rain or shine.”

Columbia is one of the largest outerwear manufacturers in the world and a leading seller of ski wear in the U.S. The company’s corporate headquarters are in Portland, and its products are available in approximately 90 countries. Columbia employs nearly 3,000 people worldwide.



TSA PLEDGES \$60 MILLION TO BAGGAGE SYSTEM

The Transportation Security Administration has pledged \$60 million to make security screening for checked bags more convenient and comfortable for travelers at Portland International Airport.

The Port of Portland is building a new state-of-the-art baggage screening system in the PDX terminal that will move the existing screening equipment out of the ticket lobby and behind the scenes, simplifying the check-in process for travelers. The project is a partnership involving the Port, TSA and the airlines serving PDX. The airlines will allot additional funding for the project, and TSA will also provide the high-speed bag screening equipment. The new system will provide more capacity and flexibility, and customers will notice a more spacious and comfortable ticket lobby.

Bill Wyatt, Port of Portland executive director, acknowledged the grant funding and thanked TSA federal security director Mike Irwin at a meeting of the Port's commission in September. Wyatt said, "This vital funding is just one of the many examples of the TSA's extraordinary commitment to the people of Oregon and southwest Washington. This system will deliver outstanding customer service while enhancing security."

The \$104.3 million construction project will encompass approximately 65,000 square feet of the terminal building. Construction is under way and due to be complete in late 2010.

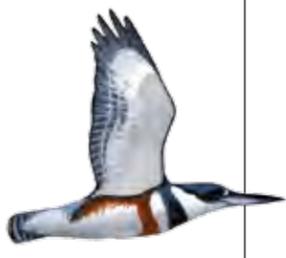


BUSINESS TRAVELERS CHOOSE PDX – AGAIN!

Business travelers are authorities when it comes to airports that provide an efficient, convenient, safe and pleasant airport experience. That's why it's considered high praise that, for the third year in a row, this group of frequent flyers voted Portland International Airport the best airport in America. The annual poll in Condé Nast Traveler magazine rated U.S. airports based on several criteria including location/access, ease of connections, customs/baggage, food/shops/amenities, comfort/design, and perceived safety/security.

Over the past three years, when making the award to PDX, the magazine noted the easy access to downtown on MAX light rail, selection of shops – many of which are local businesses, free wireless internet access, and many innovative environmental features.

A quarter of those responding to the Condé Nast survey spend two months or more on the road each year – they know their airports, and they like Portland best.

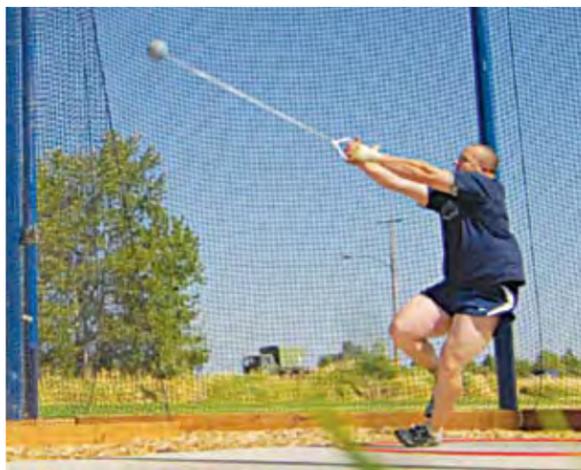


SKYWEST FLIES TO NORTH BEND AND K-FALLS

Oregon communities are celebrating nonstop air service connecting Klamath Falls in southern Oregon and the coastal town of North Bend with Portland International Airport. United Express regional partner SkyWest operates the two daily round trip flights with a 30-passenger Embraer 120 Brasilia aircraft.

To secure the nonstop service, which began in October, Gov. Ted Kulongoski formed the Oregon Commercial Air Service Coalition to help establish a revenue guarantee contract with the city of Klamath Falls and the Coos County Airport District and with United Airlines/SkyWest Airlines. Federal grants and assistance from the city of Portland, in addition to the local dollars, finalized the contract. The Port of Portland is providing marketing support.

SkyWest Airlines has operated under the United Express banner in Portland since 1998. Visit www.pdx.com for flight schedules.



THROW CENTER OPENS FOR TRAINING

A throw center? Not many people have even heard of such a thing. That's because there's probably only one in the world, and construction on it has just recently been completed. This one-of-a-kind facility is located on 10 acres near Portland International Airport, on land leased from the Port of Portland.

It's a training center for athletes who throw – discus, shot put, hammer, javelin – and it's owned and operated by Concordia University, whose track and field coach, Randy Dalzell, partnered with discus gold medalist Mac Wilkins to build the center.

Wilkins dreamed of such a facility much of his life and says it will be a local, regional and national resource that can be a benefit to the most elite Olympians, as well as grade school hopefuls. It will be a place for clinics, camps and competitions, a place to develop world champions and to educate children.

The center has a covered 6,000-square-foot concrete shelter, with a place to stand while throwing into the fields. The property has javelin runways, hammer cages, discus and shot put circles, a straight running track and a medicine ball wall. To see an image of the center, visit www.cuatthethrowcenter.com.

HORIZON AIR BIDS FAREWELL TO Q200

Horizon Air recently completed its phase-out of the 37-seat Q200 turboprop, moving the airline one step closer to a single fleet of fuel-efficient 76-seat Bombardier Q400s. At a gate event at Portland International Airport in October, a Portland-based father/daughter team piloted the final flight and officially retired the last Q200 for Horizon. Capt. Mac McGraw and his first officer and daughter, Saite Showerman, along with Horizon president and chief executive officer Jeff Pinneo, greeted airport officials employees, passengers and guests.

Horizon started using the Q100/Q200 fleet type in 1997. During its time in service, the aircraft flew to 38 different cities in seven states and carried tens of millions of passengers.

The Q400 is the most fuel-efficient and environmentally friendly aircraft of its size in the world, burning 30 percent less fuel and producing 30 percent fewer harmful emissions than a comparable jet.

AKRE TAKES THE HELM

Port of Portland's John Akre was promoted to marine Terminal 6 manager in September, assuming the post left by the departure of Chris Meyer. Meyer had been terminal manager for the past four years and recently accepted a position in Princeton, N.J., with Seacastle, Inc., a transportation equipment leasing company.

To ensure a smooth transition, it was ideal to have a candidate with directly applicable experience and knowledge of Portland's marine terminal operations.



Akre first came to the Port from Inchcape Shipping and has been with the organization for nine years. He was regional marketing manager until January, when he joined the operations group and moved to the administration building at Terminal 6.

Working with the marketing team, Akre

established positive working relationships with customers at the upriver ports and has accompanied the Idaho governor on business trips to China. Working closely with Meyer and Steve Mickelson in operations, he has overseen vessel and barge operations, carrier concerns, marine technology implementations, and projects specific to the Port's container berths.

A NOSE FOR SECURITY

Port security has gone to the dogs – but in a good way. In cooperation with K9 teams from Portland International Airport, explosives detection is now being performed by four-legged specialists at the marine terminals as well. It is one of many layers of security used to ensure that the Port of Portland's marine terminals remain a safe place to do business.

Dogs are ideally suited for bomb detection.

They have the capability to detect explosive odors quickly, and even in very small amounts.

Before they are able to serve, however, the K9s and their handlers must complete hundreds of hours of specialized training.

In October, marine security staff participated in a Port police field exercise including nine explosive-detection K9 teams at Terminals 4 and 6. Agencies participating included U.S. Customs and Border Protection, U.S. Coast Guard, TriMet, the Federal Protective Service and the FBI.



Officials turn a ceremonial shovelful of earth, symbolizing the start of construction for a new FedEx Ground facility in Troutdale.

BREAKING NEW GROUND IN TROUTDALE

East Multnomah County will welcome a boost in employment when FedEx Ground becomes the first to call the Port of Portland's new Troutdale Reynolds Industrial Park home. After closing on a \$16.96 million transaction for a 77.93-acre lot for construction of a new state-of-the-art regional distribution hub at the site, a groundbreaking ceremony for the \$100 million facility was held on Oct. 29.

FedEx Ground specializes in small-package shipping, offering business-to-business delivery and residential service. Plans call for an approximately 415,000-square-foot distribution hub facility, expandable to 557,000 square feet at full build-out, that would employ as many as 700 initially, including package handlers, clerks, technicians, service managers, other shift workers and drivers. Building the facility will involve between 300 and 500 construction jobs.

FedEx Ground expects the new distribution hub will be operating in 2010.

Of the Port's 700-acre Troutdale Reynolds Industrial Park property, approximately 350 acres are slated for development. It is bordered by the Columbia and Sandy rivers, and located in close proximity to Interstate 84, Portland International Airport, Troutdale Airport, and the Union Pacific rail line. A total of 11 lots will be available over several phases of development, with FedEx Ground being the first transaction.

In July, the Port initiated construction of improvements to serve the industrial park, including a utility corridor within a new street, Swigert Way, and improvements to Northwest Sundial Road with a new traffic signal at Northwest Marine Drive. The Port's Phase 1 construction will be completed in 2009.

PORTLAND COULD USHER IN ELECTRIC CARS

Portland is on a short list of cities being considered for a U.S. test market and port of entry for new hybrid and electric cars. BYD Auto is a Chinese company that manufactures cell phone batteries; it entered the auto business in 2003. The company is manufacturing new hybrid and electric vehicles to be test-marketed in the U.S. as well as Israel, Denmark and Hong Kong.

A group from BYD Auto visited Portland in April 2008 and again in August to discuss the Port of Portland's capabilities in handling import autos. In recent months, Port officials and the governor of Oregon have met with BYD's executives in Shenzhen, China. Portland Mayor-elect Sam Adams has also met with the company to voice his support, calling BYD and Portland "a great fit for both."

"Portland has something no other U.S. city does: a transportation vision and track record of innovation and sustainability," said Adams. "And Portland General Electric is interested in promoting the use of plug-in hybrids and all electrical vehicles by investing in public charging stations."

With existing capacity, facilities and interest to accommodate BYD autos, the Port of Portland is ideally suited as a potential port of entry for these new vehicles. Portland is the largest import auto handling port on the U.S. West Coast and third largest in the nation.

The Port handled approximately 450,000 import autos in 2007, and each vehicle brings an estimated economic benefit of \$318 to the region. Many of the cars handled here are highly popular hybrids and fuel-efficient models from Toyota, Honda, Hyundai, Scion, Lexus and Acura – which are delivered as far away as the East Coast.



MODEL PARTNERSHIP IMPROVES SAFETY

In 1982, a shipboard fire destroyed a vessel called the M/V Protector Alpha on the Columbia River. That fire took the life of one U.S. Coast Guardsman and injured a local fire fighter. Out of that tragedy, a model partnership was formed.

Port authorities, private companies, federal and state agencies, counties and fire districts came together to form the Maritime Fire and Safety Association, a cooperative bi-state compact to promote fire protection, safety and enhancement of navigation on the lower Columbia and Willamette rivers. This was accomplished without federal funding, utilizing resources that local interests could contribute.

The Port is a member of this all-volunteer association that manages the coordination, communications, training, oil spill cleanup, fire fighting and planning – down to the detail of insuring acceptable response times. According to Mike Schiller, 2007 Maritime Fire and Safety Association board president and Port of Vancouver U.S.A. operations manager, those involved have progressed from “planning and responding as individual agencies to planning, training and responding as a team – a concept that is, quite literally, unheard of across the rest of the nation.”

While there were no shipboard fires during 2007, training activities did not let up. More than 85,500 training hours have been accrued by participating fire fighting agencies since 1983, equating to an investment of more than \$2.5 million. The past year saw four vessel spills requiring response from the association’s primary response contractor.

Program management support provided by the Merchants Exchange, dedicated board and committee members, and Lower Columbia and Willamette River System communications capabilities all combine to support this group’s continuing success.



Gov. Ted Kulongoski observes automobile production during his business trip to Asia in November. He was accompanied by an Oregon delegation, including representatives of the Port of Portland.

MISSION STRENGTHENS BUSINESS CONNECTIONS

Supporting efforts to strengthen trade connections between Asia and Oregon, Port of Portland officials accompanied Gov. Ted Kulongoski on a business mission to Japan and China as part of an Oregon delegation in mid-November.

Representing the Port were Judi Johansen, commission president; Peter Bragdon, commissioner; Bill Wyatt, executive director; and Sam Ruda, director of marine and industrial development. The governor’s delegation included representatives from state agencies including the Oregon Economic and Community Development Department, elected officials and business leaders.

The first stop was Japan, where the group visited the Toyota Corp. to tour manufacturing facilities and meet with top executives. The delegation also met with “K” Line, Marubeni Corp. (the parent company of Columbia Grain), Nissan, and Sanyo executives.

After Japan, the delegation continued on to China. In Shenzhen, they met with BYD Auto executives about the potential for using Portland as a test market for new hybrid and electric cars, (see story page 6). Other stops in China included meetings with top executives and officials in Beijing and Hong Kong.

The Oregon delegation was optimistic that the mission helped strengthen relationships and future business opportunities, and agreed that these kinds of face-to-face meetings and tours cannot be replaced by phone calls or e-mail.



Rod Park, Metro councilor, welcomes guests to the opening of Reynolds Trail at the Troutdale Reynolds Industrial Park.

NEW REYNOLDS TRAIL BORDERS BUSINESS AND NATURE

Reynolds Trail is the newest addition to the 40-Mile Loop trail, bordering the Port of Portland’s new Troutdale Reynolds Industrial Park. With funding from the Port and a \$100,000 grant from Oregon State Parks, the 1.6-mile-long paved pathway was constructed atop a levee adjacent to the footprint of the old Reynolds Aluminum plant. The trail borders wetlands, open space and the Sandy River to one side and new industrial development like that of the future FedEx Ground distribution hub on the other.

“When looking at the development of the new Troutdale Reynolds Industrial Park, Reynolds Trail was an important part of our plans from early on,” said Sam Ruda, Port marine and industrial development director. “While this is an industrial park, there will be environmental and recreational benefits associated with

the development as well. The completion of this trail is symbolic of good things to come.”

With a cut of the ribbon by Troutdale Mayor Paul Thalhoffer on Oct. 23, the new Reynolds Trail in Troutdale was formally opened to the public. Mayor Thalhoffer was joined by Rod Park, Metro councilor, and Ruda, each of whom gave brief presentations before turning it over to the hikers and bikers to explore.

The trailhead is located next to 1300 N.E. Graham Road in Troutdale, east of the runway at Troutdale Airport. It ends at Sundial Road, but future plans call for expansion across the western portion of the Port’s property, eventually connecting to Blue Lake Park.

NEW BUILDING, SAME FAMILY BUSINESS

The recent grand “reopening” festivities for Chin’s Import Export Co.’s new distribution center in the Rivergate Industrial District included a colorful dragon dance and traditional firecrackers. Chin’s, a leader in the Asian specialty food distribution business, has new offices and a 20,000-square-foot warehouse capable of expansion to 45,000 square feet.

In June 2007, the Port of Portland closed on the sale of 2.29 acres in Rivergate to Chin’s Import Export Co., and Port commissioners approved the sale to Lee Land Co., LLC, Chin’s real estate holding company. Located on North Rivergate Boulevard, the property is a natural fit for the company’s needs as it continues to grow. The site is situated near marine terminals at the confluence of roads, rivers and rail connections that provide access to international markets and domestic customers.

In May of 1948, Leland H. Chin and partner James W. Lee founded The Great China Trading Co. in the Governor Building in downtown Portland. The name was changed in 1962, and three generations later, Chin’s has grown to become one of Oregon’s largest Asian specialty food distribution companies. Its products are distributed at the wholesale level, catering to the restaurant industry, national fast food restaurant chains, industrial manufacturing, redistribution, as well as government food procurement.



I-5 bridge connects the states of Oregon and Washington.

PORT OF PORTLAND TRANSPORTATION PRIORITIES OUTLINED FOR 2009

As the ninth most trade-dependent state in the nation, the ability to move goods within Oregon's borders to domestic and international markets is key to the state's economic health and quality of life. Because nearly all Oregon's exports come through Portland, the Portland/Vancouver region is the 14th largest metropolitan exporting region in the United States. Most important in these uncertain times, more than a half million Oregon jobs are dependent upon transportation.

Preserving access to global markets through the maintenance and development of transportation infrastructure is essential to ensure efficient and

effective global access.

That is why the Port of Portland takes an active role with state and local government and other key stakeholders in mapping a strategy for how best to approach trade infrastructure needs. During this legislative session, the Port is working on several investment initiatives:

I-205 Northbound at Airport Way – Northbound ramp improvements to provide additional capacity for projected traffic from the Columbia Corridor and PDX.

I-84 Troutdale Interchange – Improvements to address increased truck activity and northbound access

for the Columbia Cascade River District and FedEx.

Columbia River Crossing – A new I-5 bridge that will increase multimodal capacity across the river and improve access to/from industrial lands.

The Port will also be seeking ConnectOregon III funding for multimodal projects, including marine, rail and aviation.

Oregon Gov. Ted Kulongoski, Senate President Peter Courtney and Speaker-elect Dave Hunt have been clear that transportation infrastructure funding is a top priority of the 2009 Legislative Session. Recognizing the importance of transportation to jobs and economic vitality is a key to Oregon's economic future.

VISITS EMPHASIZE PORT'S STATEWIDE IMPACT

Over the course of the next several months, Bill Wyatt, executive director of the Port of Portland, will be traveling to Eugene, Medford and other communities to speak with local business leaders about the Port's role in the economic vitality of the state and to discuss Oregon's transportation infrastructure needs.

Wyatt recently wrapped up similar trips to both Pendleton and Boardman where he also discussed the importance of a new bridge across I-5 and provided an update on Port performance and upcoming challenges.

"Oregon's exports totaled about \$16.5 billion last year," said Wyatt. "All of Oregon's ports, its roads, rivers and runways are critical to our state's trade-based economy. I think it is important for us to share information about the Port's role and the state's transportation infrastructure needs with stakeholders in all corners of our state."

Steve Corey, Port commissioner, served as host during the Boardman and Pendleton trips, and Commissioner Bill Thorndike will play the same role on the trip to Medford. Corey is an attorney in Pendleton and has served on the commission since 2003. Thorndike is president of Medford Fabrication and has served on the commission since 2001.



Ted Cullen accepts Compass Award from Bill Wyatt and Judi Johansen.

COMPASS AWARD GIVEN AT GATEWAY TO GLOBE

At the Port of Portland's second annual Gateway to the Globe lunch in October, more than 400 business leaders, government officials and community advocates gathered to learn about Port accomplishments, current projects and plans for the future. They also heard keynote speaker, Jim Young, Union Pacific's chairman and chief executive officer, discuss regional and national railway infrastructure.

At the event, held at the Hilton Portland and Executive Tower, Ted Cullen, who oversees global travel for Nike, received the Port's 2008 Compass Award, which recognizes the contributions of community individuals and entities that have demonstrated exceptional support for the Port.

Cullen has been a member of the Port's International Air Service Committee since 2001 and the co-chair for two years. During his tenure, Portland International Airport has enjoyed significantly enhanced international service with the additions of nonstop flights to Frankfurt via Lufthansa, and Tokyo and Amsterdam via Northwest Airlines.

"While many people played big roles in recruiting our international air service, it can be said that without Ted's leadership, those international flights just wouldn't be here," said Judi Johansen, president of the Port's commission. "All of us at the Port of Portland are extremely grateful for his friendship and his service."

PORT ANNOUNCES PERSONNEL CHANGES

Mary Maxwell, Port of Portland aviation director, will retire from the Port effective March 31, 2009. Maxwell has served the Port with distinction for more than 20 years and has been aviation director for the past four years.

"Mary's vision and leadership have left an indelible stamp on the look, feel and operation of America's best airport, and we all owe her a debt of gratitude for her service," said Bill Wyatt, Port executive director.

Effective April 1, 2009, Steve Schreiber, who is the Port's current chief financial officer and director of operations, will assume the role of aviation director, a position in which he served from 2000 to 2004.



Wyatt also announced several other management changes. The finance and administration group has been separated from engineering and information technology to enable greater focus in both Port finance and project delivery.

Stan Watters is now serving in the newly created position of director of development services and information technology. Watters will continue to oversee the project to build a new parking garage and Port headquarters facility at Portland International Airport.

Vince Granato, the Port's current general manager of financial services, has been appointed as the new chief financial officer and director of administrative services, effective April 1, 2009.



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TECHNOLOGY SCORES WHEN IT COMES TO NOISE

When the Port of Portland's noise management department is preparing to produce its annual report on aircraft operations and noise, analysts use a specialized technology called the Airport Noise and Operations Monitoring System. However, as with many technologies, the version of the system installed in 1993 is showing its age. Data collected from noise monitors located in areas impacted by aircraft noise was recorded by devices that were so obsolete that maintenance and repair were nearly impossible. Exporting the data into a report-friendly format met with major hurdles; the program wasn't compatible with Windows software without going through a cumbersome process of transfer and conversion.

Among the approved recommendations from the airport's 2005 Noise Compatibility Study was an upgrade to the system. With this upgrade, the department's reports will be much simpler to complete. Whereas the earlier version would freeze up when analysts tried to process a large amount of data, the new system can do this easily and in a short amount of time. This data can be exported to many Windows applications, as well as Crystal Reports for robust graphics and visuals which can help the department tell operational results in a more interesting way.

In the near future, analysts will be able to use ANOMS 8, as it is called, to automatically capture flight tracks daily, and to track how well operators are following noise abatement procedures - such as the area navigation procedure, which takes aircraft departing to specific waypoints, impacting fewer communities.



TAKE A PEEK AT OUR GREEN SIDE

The Port of Portland's Web site recently launched a new feature called "Take a Peek at Our Green Side." With behind-the-scenes glimpses of Port facilities, the site illustrates some of the environmental initiatives undertaken by the Port at its marine terminals, Portland International Airport and general aviation airports, and industrial properties.

Visitors to the Web site can learn about efforts the Port is making to reduce environmental impacts of marine and aviation activities - everything from using cleaner fuels, to installing low-flush toilets in the airport, to using porous asphalt for management of storm water at its marine container terminal. Port staff is challenged each year to exceed environmental regulations and seek out new ways to integrate environmentally responsible practices into the business of operating a port.

The Port's Web site is also a resource for information about airport news, including airline arrivals and departures, marine news, travel advisories and tips, meeting notices, traffic conditions, and information about the Port projects and plans.



DEICING IS A YEAR-ROUND PROJECT AT PDX

As the temperatures begin to drop, travelers may soon see signs of winter at Portland International Airport, when aircraft and runways are deiced to keep the airport safe and fully functioning, regardless of the weather. Planning and managing for deicing is a year-round task, however, and Port of Portland staff is busy designing an enhanced airport deicing system for PDX. The enhanced system is part of a six-year agreement with the Oregon Department of Environmental Quality to ensure that deicing runoff is managed to help protect water quality.

The enhanced system will expand the collection area to capture runoff from the western portion of the airfield, including the south runway. Further, it will expand storage capacity of runoff, add a Columbia River outfall, and build an on-site anaerobic treatment facility. Anaerobic treatment systems use bacteria to break down deicing materials into methane, carbon dioxide, water and solids; a portion of the methane produced will be used to heat the anaerobic system.

The Port is working with numerous agencies to design a system that meets all regulatory requirements, including the Clean Water Act and the Endangered Species Act. This fall, the Port submitted permits to DEQ for discharging to the Columbia Slough and to the Columbia River, while early next year, the U.S. Army Corps of Engineers will issue a draft environmental assessment for public review and comment. Meanwhile, staff is meeting with stakeholders, including the National Marine Fisheries Service. In addition to meeting water quality standards for human health, the enhanced system will meet all measures for aquatic life, including endangered salmon.

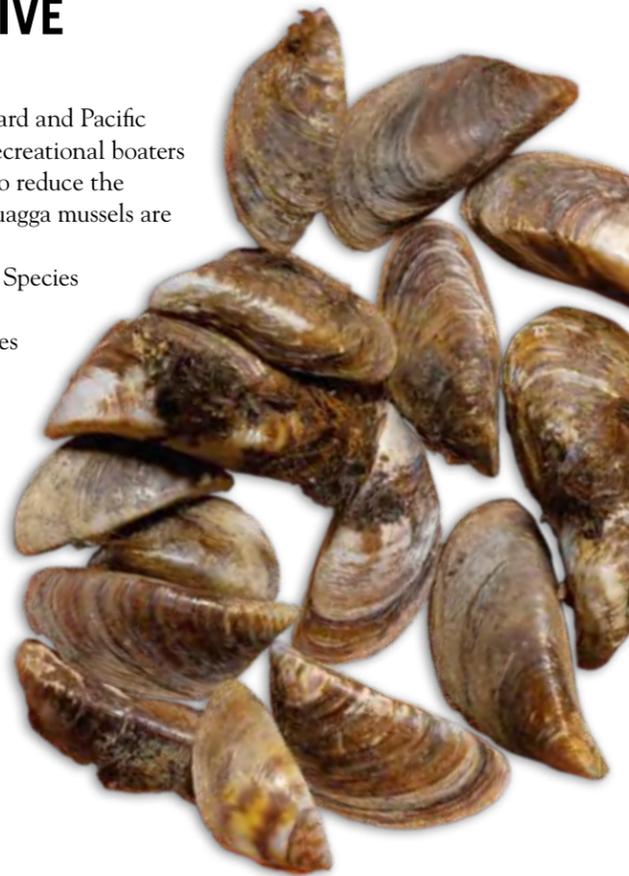
WASH UNITS HELP KEEP INVASIVE SPECIES OUT OF OREGON

The Port of Portland has joined with the Oregon Marine Board and Pacific States Marine Fisheries to purchase five portable wash units for recreational boaters traveling into Oregon. The hot pressure wash units will be used to reduce the chance that destructive invasive marine species like zebra and Quagga mussels are introduced into Oregon waterways.

The Port, which is an active member of the Oregon Invasive Species Council, contributed \$10,000 to the effort. The Port has several initiatives in place to reduce the introduction of non-native species through its marine and aviation facilities. This new effort will target recreational boaters, which don't have to meet the same regulations as commercial shippers.

When recreational boats are used in affected areas, then moved to new waters, invasive species can often go with them. In infancy, zebra and Quagga mussels are about the size of a grain of sand and are hard to see with the naked eye. The self-contained wash units are a convenient way for people to clean their boats while ensuring invasive hitchhikers aren't along for the ride.

The wash units will be based in Baker City, Klamath Falls, Ashland and Roseburg, and a fifth unit will be loaned out for special events such as tournaments or busy holiday weekends.





REPAIRING A
Ship

PHASE 1 SEDIMENT REMOVAL AT T-4



This past summer and early fall, the Port of Portland's Terminal 4 was hopping with activities different than the typical day-to-day marine operations. Next to Toyota and Kinder Morgan vessels, T-4 hosted barges, cranes and a spider excavator – all brought in to complete the first phase of a comprehensive environmental cleanup at the busy terminal.

The cleanup, the first part of a two-phase project, was completed on time and on budget. Even better, as Sean Sheldrake, project manager for the U.S. Environmental Protection Agency, noted, "With good planning and careful execution, this project was environmentally friendly from start to finish."

Efforts to clean up legacy contaminants at T-4 have been in the works for several years. The Port began working with the Oregon Department of Environmental Quality in the 1990s to study the extent of contamination at the site, which has been an active marine terminal since the city of Portland's Commission of Public Docks developed it in 1917. After the Portland Harbor was designated a Superfund site in 2000, T-4 was identified by the Port as having potential as an "early action," meaning cleanup could occur there in advance of a harborwide remedy.

Even early actions, though, take a lot of time. After the Superfund designation, the Port worked with the EPA to develop an appropriate plan for T-4. The original plan, selected by EPA in 2006, was split into two phases in 2007. In August 2008, after years of investigation and thorough analysis, in-water remediation finally began at T-4, resulting in the removal of sediment contaminated with polycyclic aromatic hydrocarbons, polychlorinated biphenyls, metals, petroleum and pesticides.

First Phase Accomplishments

For the Phase 1 work, the goal was to remove or isolate areas with the highest concentrations of contamination, then address the remaining lower-level contamination during Phase 2, which would be scheduled closer to the harborwide cleanup efforts. Phase 1 work included:

- Dredging and disposing of contaminated sediment to an offsite disposal facility. More than 12,800 cubic yards of the highest-concentration contaminated sediment were dredged from Slip 3 and placed in barges. The barges traveled up the Columbia River, and the sediment was deposited at a solid waste landfill in Wasco County.
- Constructing a small organoclay-sand cap in the back of Slip 3 to isolate contaminated sediment. Capping covers contaminated sediment with clean material to isolate it from people and the environment. An 18-inch cap was installed successfully in Slip 3.
- Stabilizing Wheeler Bay to isolate contaminated soil. The Wheeler Bay bank was re-contoured to a more stable slope, capped, and re-vegetated with native plants. A derelict walkway to a former dock was also removed.

Dredging and capping took place when fish were least likely to be migrating through the Willamette River, and the Port used special fish diversion mesh to discourage any fish that were present from entering the work area. The Port also installed a turbidity curtain and instituted rigorous controls to modify the dredging process based on river bottom conditions.

Monitoring was conducted throughout the dredging and capping processes to ensure that water quality was protected. Further, in an effort to reduce the project's effect on local air quality, the Port required contractors to use ultra-low sulfur diesel fuel in all heavy equipment on site. As part of the Port's air quality program, ultra-low sulfur diesel is the standard for marine operations and for contracted construction work.

Future Plans, Timelines

For all the success of Phase 1, plenty of work remains. The second phase of the removal action calls for additional sediment capping, monitored natural recovery, and sediment removal, as well as the construction of a confined disposal facility. Design work on the confined disposal facility resumes in 2009, and construction is tentatively scheduled for 2010. The facility will be designed to hold contaminated sediment from T-4 as well as sediment removed from other locations in the Portland Harbor.

Because the T-4 sediment removal action is part of an overall effort to clean up harbor, all cleanup activities at T-4 are designed to be consistent with harborwide cleanup goals. Defined cleanup goals and a final remedy for the harbor, however, are still several years away. Since the designation of the harbor as a Superfund site in 2000, EPA has led an effort to study contaminants in the Portland Harbor and is busy analyzing hundreds of thousands of sample results that will help make final cleanup decisions. The data are exhaustive and comprehensive to ensure that the cleanup remedy is thorough and appropriate to the chemicals of concern in the river sediment and water.

Worthy Efforts

Furthering the challenge, several hundred potentially responsible parties have been identified by EPA to take part in the cleanup, but only about a dozen, including the Port, are participating in and helping to fund the initial site study. The Port has stepped up because a safe, healthy Willamette is vital to the transportation services provided to the state and the region and essential to the region's quality of life. Further, working with EPA and DEQ on cleanup activities at the terminal is part of a larger Port effort to make existing industrial lands as useful and productive as possible.

As complicated as a Superfund cleanup is, the Port is pleased that cleanup activities are under way at Terminal 4, which has a long history as an industrial site from its early days as part of the Commission of Public Docks, to World War II when it was operated by the U.S. Army, to 1971, when the Port acquired the property. With the completion of Phase 1, the Port is only the second entity to do a Superfund-related cleanup in Portland Harbor. This cleanup effort will be one of many undertaken by public agencies and businesses over the next few years, resulting in a Willamette River that is restored and protected for its ecological value and recreational uses and that meets the region's transportation and industrial needs.



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